

Message Text

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PAGE 01 CAIRO 06250 241551Z

64

ACTION SS-25

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FM AMEMBASSY CAIRO

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C O N F I D E N T I A L CAIRO 6250

EXDIS

E.O. 11652: GDS

TAGS: ENRG EG

SUBJECT: RUMORED OIL DISCOVERY IN EGYPT

REF: CAIRO 5793

1. REFTEL REPORTED STATEMENT BY MINISTER OF PETROLEUM HILAL THAT NEW DISCOVERY SOON TO BE ANNOUNCED IN GULF OF SUEZ. BASED UPON WORD FROM BOTH MINISTER'S OFFICE AND AMOCO, TO WHOSE CONCESSION HILAL WAS REFERRING, REFTEL NOTED STATEMENT SEEMED PREMATURE.

2. OVER PAST 10-12 DAYS, HILAL HAS PERSISTED IN MAKING STATEMENTS REGARDING NEW DISCOVERY, MOST RECENTLY AT SIGNING OF JAPANESE AGREEMENT, WHEN HE ACKNOWLEDGED QUOTE A NEW DISCOVERY UNQUOTE, BUT SAID HE WAS WAITING UNTIL IT PROVES ITS ECONOMIC VIABILITY BEFORE MAKING ANNOUNCEMENT. REPORTS ARE NOW BEGINNING TO HIT INTERNATIONAL PRESS, MOST NOTABLY MIDDLE EAST ECONOMIC SURVEY, REGARDING ALLEGED DISCOVERY, AND TOPIC IS BECOMING ONE OF INTENSE SPECULATION HERE IN CAIRO.

3. ON JUNE 23, AMOCO REPS EXPRESSED FRUSTRATION WITH MINISTER FOR CONTINUING TO FAN SPECULATION OF A NEW DISCOVERY. MINISTER'S STATEMENTS BASED ON A WELL WHICH AMOCO DRILLED SOUTH OF CURRENT MORGAN FIELD AND IN WHICH THEY STRUCK
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PAGE 02 CAIRO 06250 241551Z

4 FEET OF HYDROCARBON PAYLOAD AT ABOUT 11,800 FEET. IN HOPE

THAT THERE MAY BE A FIELD CLOSE BY, THEY BACKED WELL UP TO 7,500 FEET AND ATTEMPTED TO WHIP STOCK TO SOUTHWEST FROM THE POINT. TO DATE ATTEMPT HAS BEEN UNSUCCESSFUL. NEVERTHELESS, AMOCO OPTIMISTIC REGARDING POSSIBLE NEW STRIKE DUE TO STRUCTURAL SIMILARITY BETWEEN THIS WELL AND THOSE OF NEW RAMADAN FIELD.

4. AMOCO REPS ARE OF OPINION THAT HILAL HAS GOTTON HIMSELF INTO UNNECESSARY CORNER BY CONTINUING TO DISCUSS STILL PROBLEMATICAL DISCOVERY. IN FACT, REPS DESCRIBED ALMOST HYSTERICAL PHONE CALL FROM HILAL IN WHICH HE ORDERED THEM TO MAKE DISCOVERY. REPS PREDICTABLY THREW UP THEIR HANDS. THEY FORESEE DIFFICULT PERIOD AHEAD IF HILAL CONTINUES TO INFLATE EXPECTATIONS FALSELY.

5. AMOCO OBVIOUSLY CONSIDERS THIS SENSITIVE MATTER AND WOULD APPRECIATE IT BEING CLOSELY HELD UNTIL SITUATION CLARIFIED. EILTS

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